

AMENDING AND EXTENDING THE SUGAR ACT OF 1948

AUGUST 20 (legislative day, AUGUST 1), 1951.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 4521]

The Committee on Finance, to whom was referred the bill (H. R. 4521) to amend and extend the Sugar Act of 1948, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

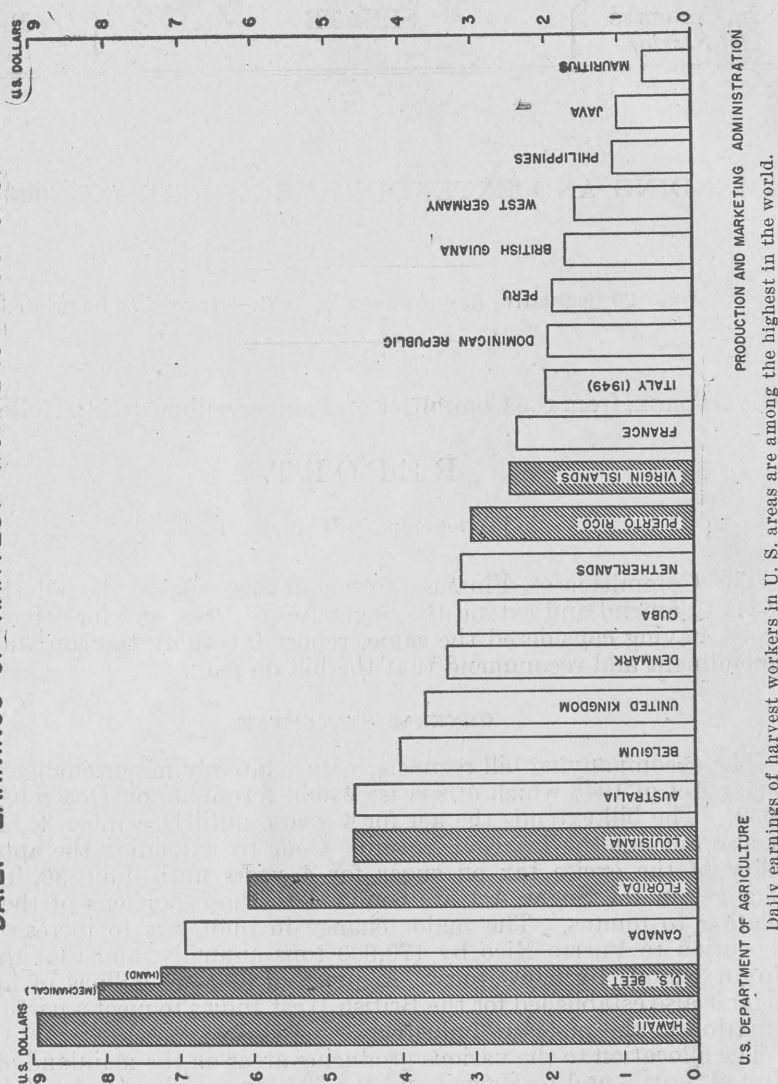
GENERAL STATEMENT

The accompanying bill reenacts, with relatively minor changes, the Sugar Act of 1948 which otherwise would terminate on December 31, 1952. The bill extends the act for 4 years, until December 31, 1956. It also amends the Internal Revenue Code by extending the applicability of the excise tax on sugar for 4 years until June 30, 1957. Changes in the Sugar Act are confined to those portions of the law relating to quotas. The major change in quotas is to increase the allocation to Puerto Rico by 170,000 tons annually, and that to the Virgin Islands by 6,000 tons. A quota of 300,000 gallons of liquid sugar is also established for the British West Indies to meet a particular situation in the molasses industry.

The allocation to the various producing areas on the mainland of the United States, and to Hawaii and the Philippine Islands, remains the same as in the existing law. A slight increase is provided in the allocation to foreign countries other than Cuba, which ship sugar into the United States, in order to restore to these countries their prewar ratio of sugar imports. Cuba's percentage share of the import trade in sugar is slightly reduced, but the actual tonnage of sugar which Cuba will ship to the United States is expected to increase, due to the fact that Cuba will receive a fixed percentage quota of an anticipated substantial increase in sugar consumption in the United States.

The provisions of the bill have been worked out in a series of conferences between producer and user groups in the sugar industry, representatives of the various sugar-producing areas, and an interdepartmental committee composed of representatives of the Depart-

SUGAR BEETS AND SUGAR CANE DAILY EARNINGS OF HARVEST WORKERS - 1950 CROP



ments of State, Interior, Commerce, Treasury, Agriculture, and the Tariff Commission. Particular consideration has been given to the matter by the Department of Agriculture, State, and Interior. In these conferences the interests of the various users and producers were carefully considered by the Government departments concerned and the bill represents a practical and equitable adjustment of those varying, and to some extent conflicting, interests.

National policy

Sugar is an essential food product, and it has long been the established policy of the United States Government—for defense and strategic reasons—to preserve within the United States the ability to

produce at least a portion of this vital food product needed by American consumers. Due to the cheap labor available in tropical countries where sugar grows most abundantly, and to the fact that sugar (either beet or cane) is produced in some quantity in almost every country in the world, it is probable that little, if any, sugar would be grown in the United States if American producers had to compete on an open world market against the cheap production in other countries. The accompanying chart shows how wages in United States sugar-producing areas compare with those in other countries.

The history of efforts to effectuate this national policy goes back almost to the first days of the Republic. For many years a tariff barrier was maintained against sugar from other countries, but this had the multiple disadvantage of arbitrarily increasing the price of sugar to consumers in the United States without assuring an adequate supply from foreign sources and at the same time leaving domestic production to be guided solely by the fluctuations of the world market in sugar. After more than a century of unsatisfactory experience with this tariff system, a quota system which prorates domestic consumption among producers in the United States and adjacent areas was developed and written into law in 1934. The quota system was revised in 1937 and again in the present act, which became effective January 1, 1948.

In 1950, under this quota system, domestic producing areas supplied 54.08 percent of the sugar consumed in the United States, as follows: Mainland beet and cane areas, 27.39 percent; Puerto Rico and the Virgin Islands, 12.85 percent; Hawaii, 13.84 percent. The Philippines supplied 5.72 percent; Cuba, 39.46 percent; and all other foreign countries, 0.74 percent.

An excise tax of 50 cents per 100 pounds and an import compensating tax at the same rate are applied to sugar in order to operate the program and equalize the cost of production in domestic and foreign producing areas. Out of the funds thus obtained, payments are made to domestic producers at a basic rate of 80 cents per hundred pounds of sugar, raw value, for the first 350 short tons of sugar produced on a farm and graduated progressively downward thereafter to a minimum of 30 cents per hundred pounds for sugar produced in excess of 30,000 short tons on a farm. Payment is made only to farmers who have complied with their marketing quotas. Those who participate in the program must also comply with regulations regarding wages and other working conditions prescribed by the Secretary of Agriculture.

Financially, the sugar program carried out under the authority of the various sugar acts has been one of the government's most successful program operations. From 1934 through the end of the fiscal year 1950, taxes collected as part of the sugar program have amounted to \$987,752,416, while all payments and administrative expenses of the Department of Agriculture in administering the program have totaled \$757,387,894, leaving an excess of taxes over expenditures, representing a net profit from the operation of the program, of \$230,364,522. On an annual basis, the average taxes collected have been a little over \$76,000,000, expenses including administration and payments have averaged about \$61,000,000, leaving a net average profit annually of almost \$16,000,000.

WORLD SUGAR SITUATION

During the past 100 years world sugar production has risen from less than 3 million tons to over 40 million tons annually, including 5,700,000 tons of noncentrifugal sugar which is consumed almost entirely in the areas where it is produced. Three-fourths of this increase has come in the present century. World production has doubled since 1920. As a result of these tremendous increases in supplies, sugar has ceased to be a luxury product and has become the cheapest food, on a calorie basis, of any important food product.

The following table shows world sugar production for the past 15 years.

Centrifugal sugar (raw value): Production in specified countries, averages 1935-39, 1940-44, and annual 1947-50^{1 2}

Continent and country	Average		1947	1948	1949	1950 ³
	1935-39	1940-44				
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
North America (cane):						
British Honduras.....	1	1	1	1	2	2
Canada.....	76	98	89	104	120	155
Costa Rica.....	9	15	23	28	23	25
El Salvador.....	18	23	33	28	30	35
Guatemala.....	19	24	30	37	38	40
Honduras.....	2	1	2	2	6	6
Mexico.....	354	450	714	754	712	800
Nicaragua.....	9	15	20	22	23	25
Panama.....	5	5	13	14	16	16
United States:						
Beet.....	1,518	1,451	1,832	1,370	1,564	1,950
Cane.....	474	429	376	477	520	525
Antigua.....	22	22	14	21	35	37
Barbados.....	133	108	65	152	161	165
Cuba.....	3,183	3,686	6,675	5,763	6,126	6,300
Dominican Republic.....	491	494	465	527	524	560
Grenada.....	1	1	1	1	1	1
Guadeloupe.....	60	51	31	50	72	75
Haiti.....	44	47	47	49	56	60
Jamaica.....	119	175	216	266	306	325
Martinique.....	65	36	25	30	41	65
Puerto Rico.....	974	961	1,108	1,277	1,286	1,275
Trinidad and Tobago.....	148	102	130	178	165	185
Virgin Islands of the United States.....	6	4	4	4	4	4
St. Kitts.....	36	36	36	41	46	50
St. Lucia and St. Vincent.....	9	9	10	13	14	15
Total North America.....	7,776	8,244	11,960	11,209	11,891	12,696
Europe (beet):						
Austria.....	196	128	44	58	74	115
Belgium.....	259	253	153	295	378	440
Bulgaria.....	24	47	21	82	60	45
Czechoslovakia.....	715	680	387	699	690	800
Denmark.....	257	232	243	292	355	400
Finland.....	13	6	9	21	25	30
France.....	1,059	643	732	1,058	972	1,350
Germany:						
Western zone.....	620	650	404	681	689	900
Eastern zone.....	1,000	950	459	750	612	850
Hungary.....	139	197	171	267	292	240
Ireland.....	89	103	75	106	110	112
Italy.....	426	422	270	502	556	600
Netherlands.....	257	212	246	315	441	450
Poland.....	1,000	870	606	765	909	1,000
Rumania.....	99	82	90	124	127	100
Spain ⁴	209	164	165	315	207	230
Sweden.....	340	318	268	321	321	350
Switzerland.....	13	22	26	30	29	30
United Kingdom.....	527	560	534	696	575	725
Yugoslavia.....	95	75	94	105	110	110
Total Europe (excluding U. S. S. R.).....	7,337	6,614	4,997	7,482	7,532	8,877
U. S. S. R. (Europe and Asia) (beet).....	2,761	1,350	1,700	2,000	2,200	2,300

See footnotes at end of table, p. 5.

Centrifugal sugar (raw value): Production in specified countries, averages 1935-39, 1940-44, and annual 1947-50^{1 2}—Continued

Continent and country	Average		1947	1948	1949	1950 ³
	1935-39	1940-44				
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Asia (cane):						
Iran (beet).....	21	27	63	43	34	56
Turkey (beet).....	76	103	118	145	165	147
Burma.....	27	18	20	13	7	7
China.....	438	402	380	400	300	300
Manchuria (beet).....	14	25	-----	9	6	10
French Indochina.....	76	79	15	17	7	6
India.....	1,300	1,410	1,416	1,319	1,251	1,560
Japan (beet).....	⁴ 167	⁴ 134	24	21	28	30
Formosa.....	1,202	921	290	697	675	450
Pakistan.....	30	30	30	49	49	55
Indonesia.....	1,447	953	100	249	300	500
Philippine Islands.....	1,058	320	398	729	680	1,000
Siam.....	21	15	32	37	35	40
Total Asia.....	5,877	4,437	2,886	3,728	3,537	4,161
South America (cane):						
Argentina.....	480	480	668	623	605	675
Brazil.....	786	958	1,496	1,549	1,500	1,550
British Guiana.....	209	189	194	196	222	225
Colombia.....	50	79	127	162	187	190
Ecuador.....	24	32	40	48	54	56
Paraguay.....	7	13	18	14	19	19
Peru.....	430	463	520	518	475	500
Surinam.....	19	10	6	5	5	5
Uruguay (beet).....	2	2	1	2	4	4
Venezuela.....	19	34	31	48	57	65
Total South America.....	2,026	2,260	3,101	3,165	3,131	3,289
Africa (cane):						
Belgian Congo.....	14	17	19	18	14	15
Kenya.....		13	12	15	14	14
Tanganyika.....	63	9	8	7	9	9
Uganda.....		55	67	76	54	50
Egypt.....	167	190	245	210	193	200
Madagascar.....	13	14	8	13	16	18
Madeira Islands and Azores.....	9	5	8	8	8	8
Mauritius.....	321	330	384	432	459	490
Mozambique.....	79	76	88	83	110	115
Angola.....	38	54	49	61	55	57
Reunion.....	92	60	98	86	118	130
Union of South Africa.....	478	550	512	608	561	600
Total Africa.....	1,274	1,373	1,498	1,617	1,611	1,706
Oceania (cane):						
Australia.....	894	761	678	1,056	1,050	1,157
Fiji.....	143	115	156	149	143	115
Hawaiian Islands.....	980	880	835	956	960	1,085
Japanese Mandated Islands.....	69	30	0	0	0	0
Total Oceania.....	2,086	1,786	1,669	2,161	2,153	2,357
Total, cane.....	17,310	16,371	19,007	20,208	20,430	21,887
Total, beet.....	11,827	9,693	8,804	11,154	11,625	13,499
World total, beet and cane.....	29,137	26,064	27,811	31,362	32,055	35,386

¹ Centrifugal sugar, as distinguished from noncentrifugal, includes cane and beet sugar produced by the centrifugal process, which is the principal kind moving in international trade.

² Years shown are for crop years; generally the harvesting season begins in the fall months of the year shown or in the early months of the following year, except in certain cane-sugar-producing countries in the Southern Hemisphere, such as Australia, Argentina, Mauritius, Union of South Africa, etc., where the season begins in May or June of the year shown.

³ Preliminary.

⁴ Includes a small amount of cane sugar.

⁵ Cane and beet.

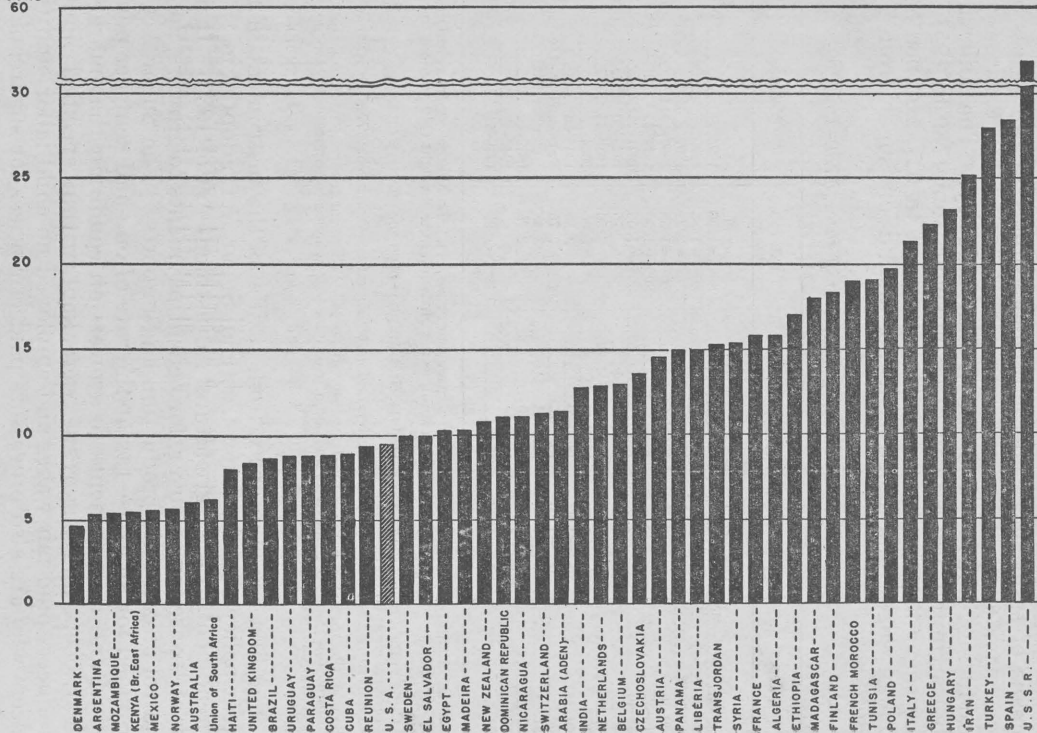
Source: Office of Foreign Agricultural Relations. Prepared or estimated on the basis of official statistics of foreign governments, reports of U. S. Foreign Service officers, results of office research and other information. Estimates of countries having boundary changes have been adjusted to postwar boundaries except as noted.

The price effects of the increases in world production have been intensified by several conditions affecting production and consumption. A part of the increase in world production has resulted from the natural development of producing areas. However, production has been stimulated by very low wages in many tropical areas, by excessive protection in many consuming countries, and by direct and indirect export subsidies. Almost every country in the world has made sugar the subject of some kind of special legislation. Because of these conditions, declines in world prices have tended to have only a slight effect, if any, in restraining world production. On the other hand, declines in world prices have failed to stimulate world consumption fully because of the high levels at which prices are maintained in many consuming countries. In two-thirds of the countries for which retail price data are available, prices in March 1949 were from around 2 cents to 20 cents per pound above world prices. The average 1948 consumption for such countries was only 36 pounds per capita, and for the 14 countries having the highest prices, consumption was only 25 pounds per capita, compared with 93 pounds, refined value, that year in the United States.

In the 10 years ending in 1933, production in the present domestic areas as a whole nearly doubled, and receipts from the Philippines were multiplied nearly five times. These increased supplies, together with the decline in per capita consumption in the late 1920's and early 1930's caused a drop in United States imports of sugar. Imports from Cuba fell more than 50 percent, with disastrous effects on the Cuban economy. Since 1934 domestic production has fluctuated considerably, but it has averaged 3.9 million tons, the level it attained in 1933. Low production in the domestic areas during the war years resulted from various shortages, from the diversion of land to crops considered more essential to the war effort and, in the case of Hawaii, from direct war activities.

RETAIL PRICES OF REFINED SUGAR IN SELECTED COUNTRIES
(U.S. CENTS PER POUND)
MARCH, 1949

U.S. CENTS
PER
POUND
60



HISTORICAL DEVELOPMENT

Historically the United States has had significant tariffs on sugar. Although these tariffs have been moderate in comparison with the tariffs and other protective measures existing in many foreign countries, they nevertheless have artificially stimulated production in our domestic areas and the Philippine Islands. By 1933 it had become evident that tariff protection alone was not an effective or satisfactory means of assuring an adequate sugar supply at fair prices and that some type of quota system was needed for both the domestic sugar-producing industry and the Cuban industry. The following table shows United States tariff rates on sugar from 1789 to 1951. Under the sugar act the tariff has been reduced to 0.5 cent per pound on Cuban sugar and 0.625 cent per pound on sugar from full-duty countries.

Raw sugar: United States tariff rates, 1789-1951

Years	Tariff rate	Years	Tariff rate	Years	Tariff rate
	<i>Cts. per lb.</i>		<i>Cts. per lb.</i>		<i>Cts. per lb.</i>
1789-90.....	1	1855.....	30% = 1.56	1895.....	40% = .87
1790-97.....	1.5	1856.....	30% = 1.82	1896.....	40% = .93
1797-1800.....	2	1857.....	30% = 2.21	1897.....	40% = .80
1800-16.....	2.5	1858.....	30% = 1.56	1897-1913.....	1.685
1816-32.....	3	1859.....	30% = 1.50	1914-21 ²	1.0048
1832-46.....	2.5	1860.....	30% = 1.56	1921-22.....	1.60
1846.....	1 30% = 2.15	March 1861.....	.75	1922-30.....	1.7648
1847.....	30% = 1.76	August 1861-62.....	2.50	1930-34.....	2.0
1848.....	30% = 1.79	1862-64.....	3.00	1934.....	1.5
1849.....	30% = 1.43	1864-70.....	3.50	1934-39.....	.9
1850.....	30% = 1.50	1870-75.....	2.75	September-December 1939.....	1.5
1851.....	30% = 1.50	1875-83.....	3.4375	1939-42.....	.9
1852.....	30% = 1.30	1883-90.....	2.75	1942-47.....	4.75
1853.....	30% = 1.43	1890-94.....	(³)	1948-51.....	.50
1854.....	30% = 1.30	1894.....	1 40% = .98		

¹ 30 percent and 40 percent, respectively, of raw sugar prices, c. i. f. London as reported in Doerr, *The History of Sugar*, p. 531, and converted from shillings per British hundredweight (112 pounds) to cents per 100 pounds.

² Cuban rate used for the period since 1914, since this has been the effective rate.

³ Free (2 cents) bounty.

⁴ Tariff suspended May 1944 to December 1946 under Executive Order No. 9177, 7 F. R. 4195.

Source: Sugar reports No. 5, June-July 1949, pp. 30-35. Where tariff rate is based on Dutch standard, rate applicable from No. 13 to No. 15 was taken, except for 1862, where rate applicable to raw sugar and sugars not above No. 12 Dutch standard was used.

The first big step away from tariffs as the instrument of national sugar policy was the Jones-Costigan Sugar Act, adopted in 1934 as an amendment to the Agricultural Adjustment Act of 1933. It provided for an excise tax on sugar, for benefit payments to growers, and for the control of domestic production and imports. The Sugar Act of 1937 provided for an excise tax at the rate of one-half cent per pound, raw value, and for payments to growers on condition that marketings of sugar beets and sugarcane were kept within specified limits, that producers paid fair wages and employed no child labor, and that producers who are also processors paid fair prices for sugarcane or sugar beets purchased. Marketings for the domestic areas were not to exceed 55.59 percent of total domestic requirements, except that domestic marketings were not to be reduced below a total of 3,715,000 tons. The remaining domestic requirements were to be supplied by imports.

The Sugar Act of 1948 followed the major outlines of the Sugar Act of 1937, but incorporated several important changes to afford relief

from the depression which was expected to strike the Cuban sugar industry between 1948 and 1952. Fixed maximum quotas were established for the domestic areas and the Republic of the Philippines so that these areas would not participate during this specified period in the increase in domestic consumption. The Sugar Act of 1948 requires that our imports from foreign countries, other than the Republic of the Philippines, be supplied to the extent of 98.64 percent from Cuba and 1.36 percent from full-duty countries. The act also provides that Cuba shall share proportionately with domestic areas in the deficit resulting from the failure of any domestic area to fill its quota. Finally, Cuba was given 95 percent of the Philippine deficits. Full-duty countries, which formerly received all of the Philippine deficit, were given 5 percent of such deficit under the Sugar Act of 1948.

By giving Cuba essentially all of the deficits of the Philippines, which clearly would be large during the early postwar period, and by making Cuba the beneficiary of practically all increases in United States consumption until the end of 1952, it was believed that Cuba would be assured of a sufficient market in the United States to minimize the effects on the Cuban sugar industry of the anticipated decline in world demand. It was emphasized that the Sugar Act of 1948 was designed to meet problems of the temporary postwar transition period and was not to be regarded as the establishment of long-time national sugar policy. Actually, of course, the anticipated depression did not occur. The estimated value of the 1951 Cuban crop is over 700 million dollars and is second only to the value of the 1920 crop which, because of inflationary prices that year, sold for approximately 1 billion dollars. The four crops produced by Cuba since the Sugar Act of 1948 has been in effect have had an average value of \$580,000,000, the highest for any four consecutive crops on record. The value of the 1933 crop, for comparison, was \$44,000,000.

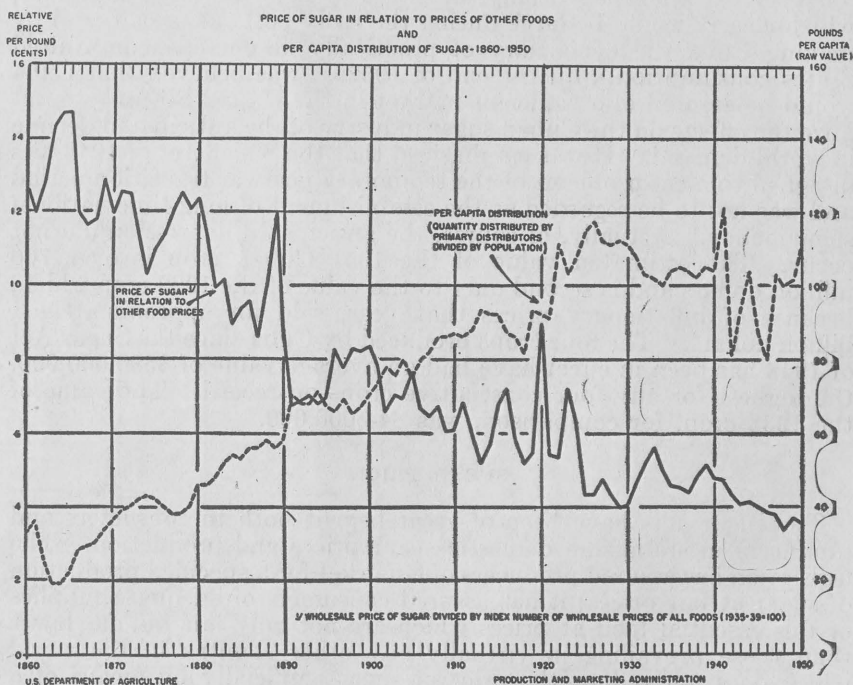
SUGAR PRICE

The sugar acts have been of great benefit both to consumers and producers in stabilizing domestic sugar prices and production. The legislation has assured producers of a market for a specified production of sugar at fair prices; it has assured consumers of adequate supplies of this essential food at prices which are not only fair but far lower than those prevailing in virtually any other country in the world which does not reduce the price of sugar artificially by means of a consumer subsidy. The following chart shows sugar consumption in the United States and the price of sugar compared to the price of other foods.

Because of the special subsidies, tariffs, and other restrictions which are applied to sugar in almost every country, there is relatively little sugar on the free world market. Consequently, the world market price of sugar gyrates sharply and is extremely susceptible to surplus and deficit conditions. The sugar acts have operated effectively to protect growers of the United States sugar supply during periods of depression in the world sugar market. Conversely, this legislation has operated effectively to keep domestic sugar prices below world prices in times of sharp increases in the world market price of sugar.

This has been the case during most of the past year. At the peak of prices in June of this year, the world sugar price was \$2.30 per hundred pounds above the price of United States quota sugar, f. a. s. Cuba.

Under the Sugar Act of 1948, prices of refined sugar have been the lowest in history in comparison with prices of all foods. In relation to per capita disposable income, sugar prices have been maintained at approximately the low level established during the war years when the Commodity Credit Corporation spent \$133,000,000, in addition to the benefits of free duty entry equivalent to \$113,000,000, in paying subsidies and absorbing losses to maintain low sugar prices to consumers. The following table shows wholesale sugar prices and their relation to the price of other foods and to per capita disposable income from 1860 to June 1951.



Until 1926 the decline in sugar prices relative to the prices of other foods was accompanied by increased per capita sugar distribution. Since that time the relative decline in sugar prices has continued without an evident increase in per capita distribution. Per capita consumption appeared to be relatively stable in the late 1930's. During the war it depended upon the availability of supplies.

Wholesale sugar prices, index numbers of wholesale prices of all foods and wholesale sugar prices in relation to prices of all foods, annually 1860 to 1950 and monthly January to June 1951

[Index numbers of per capita disposable income and wholesale sugar prices in relation to per capita disposable income annually, 1910-50, and quarterly January to June 1951]

Year	Sugar price, net cash, New York	Index numbers (1935-39=100)		Sugar prices in relation to—	
		Prices of all foods (wholesale)	Per capita disposable income	Prices of all foods	Per capita disposable income
(1)	(2)	(3)	(4)	(5)	(6)
	<i>Cts. per lb.</i>			<i>Cts. per lb.</i>	<i>Cts. per lb.</i>
1860	9.78	78		12.54	
1861	8.75	73		11.99	
1862	11.16	87		12.83	
1863	14.28	100		14.28	
1864	22.56	154		14.65	
1865	21.56	147		14.67	
1866	16.68	141		11.97	
1867	15.78	136		11.60	
1868	16.32	139		11.74	
1869	16.19	126		12.85	
1870	13.53	113		11.97	
1871	13.28	106		12.53	
1872	12.37	99		12.49	
1873	11.34	100		11.34	
1874	10.56	103		10.25	
1875	10.72	98		10.94	
1876	10.47	92		11.38	
1877	11.31	94		12.03	
1878	9.48	76		12.47	
1879	8.78	73		12.03	
1880	9.60	78		12.31	
1881	9.67	86		11.24	
1882	9.23	93		9.92	
1883	8.51	84		10.13	
1884	6.78	76		8.92	
1885	6.44	69		9.33	
1886	6.12	64		9.56	
1887	6.01	70		6.59	
1888	7.01	70		10.01	
1889	7.64	64		11.94	
1890	6.17	70		8.81	
1891	4.64	69		6.72	
1892	4.35	64		6.80	
1893	4.84	69		7.01	
1894	4.12	61		6.75	
1895	4.15	60		6.92	
1896	4.53	55		8.24	
1897	4.50	58		7.76	
1898	4.96	60		8.27	
1899	4.92	60		8.20	
1900	5.32	64		8.31	
1901	5.05	64		7.89	
1902	4.46	68		6.56	
1903	4.64	66		7.03	
1904	4.77	69		6.91	
1905	5.26	69		7.62	
1906	4.52	68		6.65	
1907	4.65	72		6.46	
1908	4.96	74		6.70	
1909	4.76	79		6.03	
1910	4.97	82	63	6.06	7.89
1911	5.34	78	63	6.85	8.48
1912	5.04	85	67	5.93	7.52
1913	4.28	82	69	5.22	6.20
1914	4.68	82	68	5.71	6.88
1915	5.56	82	71	6.78	7.83
1916	6.86	95	82	7.22	8.37
1917	7.66	132	98	5.19	7.82
1918	7.83	151	108	5.80	7.25
1919	9.00	164	122	5.49	7.38
1920	15.55	174	126	8.94	12.34
1921	6.19	114	99	5.43	6.25
1922	5.93	111	104	5.34	5.70
1923	8.41	117	119	7.19	7.07
1924	7.31	115	118	6.36	6.19
1925	5.45	126	123	4.33	4.43
1926	5.46	126	126	4.33	4.33

Wholesale sugar prices, index numbers of wholesale prices of all foods and wholesale sugar prices in relation to prices of all foods, annually 1860 to 1950 and monthly January to June 1951—Continued

[Index numbers of per capita disposable income and wholesale sugar prices in relation to per capita disposable income annually, 1910-50, and quarterly January to June 1951]

Year	Sugar price, net cash, New York	Index numbers (1935-39=100)		Sugar prices in relation to—	
		Prices of all foods (wholesale)	Per capita disposable income	Prices of all foods	Per capita disposable income
(1)	(2)	(3)	(4)	(5)	(6)
	<i>Cts. per lb.</i>			<i>Cts. per lb.</i>	<i>Cts. per lb.</i>
1927	5.79	122	124	4.75	4.67
1928	5.52	128	126	4.31	4.38
1929	5.03	126	132	3.99	3.81
1930	4.62	114	117	4.05	3.95
1931	4.43	95	99	4.66	4.47
1932	3.99	77	75	5.18	5.32
1933	4.32	77	70	5.61	6.17
1934	4.44	89	80	4.99	5.55
1935	4.86	106	89	4.58	5.46
1936	4.69	104	101	4.51	4.65
1937	4.73	108	108	4.38	4.38
1938	4.48	93	98	4.82	4.57
1939	4.57	89	104	5.13	4.39
1940	4.34	91	112	4.77	3.88
1941	4.92	104	134	4.73	3.67
1942	5.44	126	169	4.32	3.22
1943	5.49	135	189	4.07	2.90
1944	5.46	133	208	4.11	2.62
1945	5.39	135	211	3.99	2.55
1946	6.34	166	219	3.82	2.89
1947	8.12	214	229	3.79	3.55
1948	7.61	227	251	3.35	3.03
1949	7.81	204	245	3.83	3.19
1950	7.84	210	260	3.73	3.02
1951—January	8.08	230	—	3.51	—
February	8.08	237	—	3.41	—
March	8.08	235	—	3.42	—
January–March average	8.08	234	1 273	3.45	2.96
April	8.08	235	—	3.44	—
May	8.23	237	—	3.47	—
June	8.42	236	—	3.57	—
April–June average	8.24	236	1 277	3.49	2.97

¹ Preliminary—at annual rate.

SOURCES

Column 2:

1860-99: Palmers Sugar Manual, Concerning Sugar.

1900-51: Lamborn Sugar Market Report.

Column 3:

1860-1909: Wholesale Prices for 213 Years, Warren and Pearson.

1910-51: Bureau of Labor Statistics, index numbers based on 1926 converted to 1935-39=100.

Column 4:

1910-28: Estimates by BAE.

1929-51: Computed by BAE from data of U. S. Department of Commerce; published in the Livestock and Meat Situation.

Column 5: Column (2) divided by column (3).

Column 6: Column (2) divided by column (4).

Full-duty quota

One of the changes made in the 1948 act by this bill is to increase moderately the sugar quota for the full-duty countries from which United States imports sugar. These are the countries other than Cuba and the Philippines. Under the provisions of the Sugar Act of 1948, the Philippines receives a stipulated tonnage quota, as do the domestic-producing areas. This bill makes no change in the Philippine quota. Under the 1948 act, Cuba receives a quota equivalent to 98.64 percent of the estimated United States requirement remaining after the specific quotas to the domestic areas and the Philippines

have been allocated. The other countries, referred to as the full-duty countries, received a quota aggregating 1.36 percent of the sugar assignable to import countries. Under the terms of the bill herewith reported, the import quotas are to be divided 96 percent to Cuba and 4 percent to the full-duty countries.

This change merely restores the full-duty countries to the relative position they occupied prior to the war. At that time, in the years 1937 through 1941 (following which sugar quotas were suspended), these countries provided 3.97 percent of our dutiable sugar imports. Cuba supplied the balance, 96.03 percent.

During the war and immediate postwar period, sugar production in Cuba was greatly expanded at our request, in order to meet the increased sugar needs of the United States and its allies. In the Sugar Act of 1948, therefore, it seemed reasonable to the committee to give Cuba for a temporary period an unusually large share of United States import market, so that it might have a few years in which to readjust its economy.

Cuba has now had ample time to readjust its economy, and the committee believes that the prewar position of the full-duty countries should be restored. Because of the increased consumption in the United States, larger quotas can now be given to the full-duty countries without injury to Cuba. With the quotas for domestic areas other than Puerto Rico and the Virgin Islands remaining the same as under the 1948 act, the anticipated increased consumption in the United States will actually result in larger quotas for Cuba than in previous years.

Puerto Rican production

The bill increases the quota for Puerto Rico from 910,000 tons annually under the 1948 act, to 1,080,000 tons. In addition, Puerto Rico produces and refines its own sugar for domestic consumption, currently about 110,000 tons per year. While the increase of 170,000 tons in the Puerto Rico quota will not absorb the entire sugar production of which the island is capable in good crop years, it is believed that it will substantially improve the situation of producers in Puerto Rico.

With reference to the question of increasing the amount of refined sugar which can be shipped to the mainland from Puerto Rico as part of its quota, the committee feels that quotas on refined or direct-consumption sugar are part of the comprehensive philosophy of the Sugar Act of 1948, which places restrictions on every segment of the domestic industry, and should not be considered separately. The quotas for each unit of the domestic industry are so interrelated in the production and distribution of both raw and refined sugar that a change in one would require a reconsideration of all. The committee agrees generally with the statement made before the committee by the representatives of the domestic sugar industry "that the fabric of the law is one piece, that it makes a complete and indivisible whole, and that, because of the interdependence of its provisions and certain results, a single subject, such as for example the size of an insular refined quota, cannot be divided for separate consideration." However ample protection is afforded all areas in that the duration of the proposed legislation is for only 4 years.

Molasses imports

During the hearings on this bill, representations were made to the committee regarding the difficulties encountered by those who import molasses into the United States, and an amendment was proposed which would have changed the definition of liquid sugar embodied in the 1948 act (in which no change is made by this bill) so as to liberalize the definition of molasses. Under the present law, sugar-bearing liquids are classified as molasses if they contain 6 percent or more of soluble nonsugar solids. If they contain less than 6 percent of soluble nonsugar solids they are classified as liquid sugar. The duty on liquid sugars is comparable to that of crystalline sugar and is somewhat higher than the duty on molasses.

It was pointed out to the committee that some of the sugar-containing liquids which are imported and sold as molasses contain a relatively low percentage of soluble nonsugar solids, even though they have the color, taste, and aroma characteristically associated with molasses. This is particularly true, it was pointed out, of high quality molasses from Barbados, one of the islands of the British West Indies. Molasses from Barbados is an essential ingredient of some of the popular brands of molasses commonly sold at retail in the United States. When brought into this country it frequently shows a soluble nonsugar solid content of less than 7 percent—very close to the dividing line between molasses and liquid sugar.

If a shipment of molasses is offered for import and found to contain less than 6 percent soluble nonsugar solids, the importer has several alternatives if the molasses is from an area, such as Cuba, which has a liquid-sugar quota: He can bring the molasses in by paying the duty applicable to liquid sugar; he can combine the molasses in bond with molasses having a sufficiently high soluble nonsugar content, to bring the percentage of the mixture up to the molasses standard and then move the molasses through customs; or he can, of course, send the shipment back for adjustment in the producing area. In the case of molasses offered for import from Barbados, the importer has only two of these alternatives since there is no present liquid-sugar quota for the British West Indies: He must either mix the molasses before entry, so that it will come in as molasses; or he must reject the shipment. The liquid-sugar quota of 300,000 gallons annually which is included in the bill will relieve this situation. If a shipment of Barbados molasses arrives for entry and is found to fall within the classification of liquid sugar, the importer will not have to refuse it or mix it with other molasses, but can bring it into the United States by paying the liquid-sugar duty. The quantity (300,000 gallons) is believed to be large enough to take care of any such situation which is likely to arise.

ANALYSIS OF THE BILL

Quotas

The first section of the bill provides for revisions in section 202 of the act with respect to domestic and foreign quotas. The revisions of

domestic quotas and the general principles involved in the quota revisions have been discussed at length above. The net result of quota changes is to give Puerto Rico an additional 170,000 tons, the Virgin Islands an additional 6,000 tons, and to restore the quota of the full-duty countries to 4 percent of our total import requirements from foreign countries.

The quota for full-duty countries (other than Cuba and the Republic of the Philippines) has under previous legislation been prorated on the basis of a regulation which was based on imports received from such countries in the years 1926, 1929, and 1930. As a result, prorations were made to 27 countries, of which only 6 have supplied significant quantities in recent years. Therefore, it has been necessary for the Secretary of Agriculture to revise such prorations as of September 1 each year to make the quota available to the countries that might fill it. The bill provides that 95 percent of the full-duty quota be prorated among the six countries supplying significant amounts of sugar to the United States in recent years on the basis of average quantities received from such countries during the period 1948 to 1950, inclusive. The remaining 5 percent constitutes a reserve, which will be applicable to sugar from any other country, except that no one country will be permitted to utilize more than one-fifth of such reserve.

The quota for Cuba constitutes 96 percent of the total United States requirements in excess of the quantities supplied under the fixed quotas for the domestic areas and the Republic of the Philippines. Cuba, therefore, remains the principal beneficiary of increased sugar consumption in the United States.

A minimum quota is established for Cuba, amounting to 28.6 percent of total sugar requirements when such requirements are 7,400,000 tons, raw value, or less, or 2,116,000 short tons, raw value, when the total amount of United States sugar requirements exceeds 7,400,000 tons.

Proration of deficits

Section 2 of the bill amends section 204 of the Sugar Act, which relates to the proration of deficits. Subsection (a) provides that deficits may be declared in December when total requirements must be determined for the ensuing year. This addition will enable the Department of Agriculture to establish quotas promptly. This should be of particular benefit to importers and foreign producers. This subsection also eliminates a provision which prevents domestic areas from participating in deficits when total requirements are less than 7,000,000 short tons. With domestic requirements now placed at 8,250,000 tons, this provision has become obsolete. The bill provides for the proration to Cuba of possible deficits in quotas for full duty countries and for the proration of 96 percent of future Philippine deficits to Cuba, and 4 percent to full-duty countries, in accordance with the distribution of basic quotas. This section is also revised to omit reference to the form in which Philippine deficit

sugar may be entered, since that is covered by a later provision of the bill. Finally, this subsection provides a simplified procedure for utilizing deficits if areas to which they are initially assigned are unable to supply the sugar.

Subsection (b) permits a revision to be made in the proration for full-duty countries as soon as it becomes evident that a deficit will occur, but would continue to permit unfilled balances to be prorated on September 1. The requirement that a country fill its proration by September 1 to qualify for an additional quota is eliminated if the country can show it has the ability to fill such quota.

Subsection (c) merely clarifies the meaning of the existing section by inserting the words, "or applicable proration" after the words "the quota."

Entry of direct-consumption sugar

Section 3 of the bill adds a new subsection (h) to section 207 of the act, which limits the quantities of direct-consumption sugar which may be brought into the continental United States from offshore areas. The new subsection results in the same limitations on imports of direct-consumption sugar as those provided in the Sugar Act of 1948, even though revisions are made in the quotas. Provision is also made to assure to each full-duty country the opportunity of entering as much direct-consumption sugar as it entered on the average during the years 1948, 1949, and 1950.

Liquid-sugar quotas

Section 4 provides a liquid-sugar quota of 300,000 gallons for the British West Indies. This will permit the importation of Barbados fancy molasses which meets the qualifications of liquid sugar.

Period for which the bill is effective

Section 5 provides for termination of the act on December 31, 1956, except that the Secretary shall have power to make payments under title III on programs applicable to the crop year 1956 and previous crop years.

Section 6 extends to June 30, 1957, the period during which the excise tax is applicable to sugar.

Section 7 makes the bill effective January 1, 1953, except that sections 1 through 4 shall be effective for purposes of the determinations and regulations required for the calendar year 1953.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SUGAR ACT OF 1948¹

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Sugar Act of 1948".

TITLE I—DEFINITIONS

SEC. 101. For the purposes of this Act, except title V—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "sugars" means any grade or type of saccharine product derived from sugarcane or sugar beets, which contains sucrose, dextrose, or levulose.

(c) The term "sugar" means raw sugar or direct-consumption sugar.

(d) The term "raw sugar" means any sugars which are principally of crystalline structure and which are to be further refined or improved in quality, and any sugars which are principally not of crystalline structure, but which are to be further refined or otherwise improved in quality to produce any sugars principally of crystalline structure.

(e) The term "direct-consumption sugar" means any sugars which are principally of crystalline structure and which are not to be further refined or otherwise improved in quality.

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain soluble nonsugar solids (excluding any foreign substances that may have been added or developed in the product) equal to 6 per centum or less of the total soluble solids.

(g) Sugars in dry amorphous form shall be considered to be principally of crystalline structure.

(h) The "raw value" of any quantity of sugars means its equivalent in terms of ordinary commercial raw sugar testing ninety-six sugar degrees by the polariscope, determined in accordance with regulations to be issued by the Secretary. The principal grades and types of sugar and liquid sugar shall be translated into terms of raw value in the following manner:

(1) For direct-consumption sugar, derived from sugar beets and testing ninety-two or more sugar degrees by the polariscope, by multiplying the number of pounds thereof by 1.07;

(2) For sugar, derived from sugarcane and testing ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by 0.93;

(3) For sugar, derived from sugarcane and testing more than ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by the figure obtained by adding to 0.93 the result of multiplying 0.0175 by the number of degrees and fractions of a degree of polarization above ninety-two degrees;

(4) For sugar and liquid sugar, testing less than ninety-two sugar degrees by the polariscope, by dividing the number of pounds of the "total sugar content" thereof by 0.972.

(5) The Secretary may establish rates for translating sugar and liquid sugar into terms of raw value for (a) any grade or type of sugar or liquid sugar not provided for in the foregoing and (b) any special grade or type of sugar or liquid sugar for which he determines that the raw value cannot be measured adequately under the provisions of paragraphs (1) to (4), inclusive, of this subsection (h).

(i) The term "total sugar content" means the sum of the sucrose (Clerget) and reducing or invert sugars contained in any grade or type of sugar or liquid sugar.

(j) The term "quota," depending upon the context, means (1) that quantity of sugar or liquid sugar which may be brought or imported into the continental United States, for consumption therein, during any calendar year, from the Territory of Hawaii, Puerto Rico, the Virgin Islands, or a foreign country or group of foreign countries; (2) that quantity of sugar or liquid sugar produced from sugar beets or sugarcane grown in the continental United States which, during any calendar year, may be shipped, transported, or marketed in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce; or (3) that quantity of sugar or

¹Section 7 of the bill provides that the amendments therein shall become effective January 1, 1953, except that sections 1 through 4 shall be effective for purposes of the determinations and regulations required for the calendar year 1953.

liquid sugar which may be marketed in the Territory of Hawaii or in Puerto Rico, for consumption therein, during any calendar year.

(k) The term "producer" means a person who is the legal owner, at the time of harvest or abandonment, of a portion or all of a crop of sugar beets or sugar-cane grown on a farm for the extraction of sugar or liquid sugar.

(l) The terms "including" and "include" shall not be deemed to exclude anything not mentioned but otherwise within the meaning of the term defined.

(m) The term "Secretary" means the Secretary of Agriculture.

TITLE II—QUOTA PROVISIONS

SEC. 201. The Secretary shall determine for each calendar year, beginning with the calendar year 1948, the amount of sugar needed to meet the requirements of consumers in the continental United States; such determinations shall be made during the month of December in each year for the succeeding calendar year (in the case of the calendar year 1948, during the first ten days thereof) and at such other times during the calendar year as the Secretary may deem necessary to meet such requirements. In making such determinations the Secretary shall use as a basis the quantity of direct-consumption sugar distributed for consumption as indicated by official statistics of the Department of Agriculture, during the twelve-month period ending October 31 next preceding the calendar year for which the determination is being made, and shall make allowances for a deficiency or surplus in inventories of sugar, and for changes in consumption because of changes in population and demand conditions, as computed from statistics published by agencies of the Federal Government; and, in order that such determinations shall be made so as to protect the welfare of consumers and of those engaged in the domestic sugar industry by providing such supply of sugar as will be consumed at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the welfare of the domestic sugar industry, the Secretary, in making any such determination, in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power, shall take into consideration the relationship between the prices at wholesale for refined sugar that would result from such determination and the general cost of living in the United States as compared with the relationship between prices at wholesale for refined sugar and the general cost of living in the United States obtaining during 1947 prior to the termination of price control of sugar as indicated by the Consumers' Price Index as published by the Bureau of Labor Statistics of the Department of Labor.

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas, by apportioning among such areas **[4,268,000]** *four million four hundred and forty-four thousand* short tons, raw value, as follows:

Area	Short tons, raw value
Domestic beet sugar.....	1, 800, 000
Mainland cane sugar.....	500, 000
Hawaii.....	1, 052, 000
Puerto Rico.....	[910, 000] 1, 080, 000
Virgin Islands.....	[6, 000] 12, 000

(b) For the Republic of the Philippines, in the amount of nine hundred and fifty-two thousand short tons of sugar as specified in section 211 of the Philippine Trade Act of 1946.

(c) For foreign countries other than the Republic of the Philippines, by prorating among such **[areas]** *countries* an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsections (a) and (b) of this section, on the following basis:

[Area] Country	Per centum
Cuba.....	[98. 64] 96
Foreign countries other than Cuba and the Republic of the Philippines.....	[1. 36] 4

[The quota for foreign countries other than Cuba and the Republic of the Philippines shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the Agricultural Adjustment

Act, as amended.] *Ninety-five per centum of the quota for foreign countries other than Cuba and the Republic of the Philippines shall be prorated among such countries on the basis of the average amount imported from each such country within the quotas established for the years 1948, 1949, and 1950, except that a separate proration need not be established for any country which entered less than two per centum of the average importations within the quotas for such years. The amount of the quota not so prorated may be filled by countries not receiving separate prorations, but no such country shall enter an amount pursuant to this subsection in excess of one per centum of the quota for foreign countries other than Cuba and the Republic of the Philippines.*

(d) [Notwithstanding the other provisions of this title II, in the event the quota established for Cuba, including any and all deficits allotted or prorated to Cuba pursuant to the provisions of section 204 (a), shall be a smaller proportion of the total amount of sugar which the Secretary determines is needed to meet the requirements of consumers in the continental United States pursuant to section 201 of this Act, than the quota which would have been established for Cuba upon such consumptive estimate under the provisions of section 202 (b) of the Sugar Act of 1937, the quotas for domestic sugar-producing areas established pursuant to the other provisions of this title II shall be reduced pro rata by such amounts as are required to establish such quota for Cuba and the amounts by which such domestic sugar-producing quotas are so reduced shall be added to the quota for Cuba.] *Notwithstanding the other provisions of this title II, the minimum quota established for Cuba, including increases resulting from deficits determined pursuant to section 204 (a), shall not be less than the following:*

(1) *28.6 per centum of the amount of sugar determined under section 201 when such amount is seven million four hundred thousand short tons or less; and*

(2) *two million one hundred and sixteen thousand short tons, when the amount of sugar determined under section 201 is more than seven million four hundred thousand short tons.*

The quotas for domestic sugar-producing areas, established pursuant to the other provisions of this title II, shall be reduced pro rata by such amounts as may be required to establish such minimum quota for Cuba.

[(e) If the Secretary of State finds that any foreign country denies fair and equitable treatment to the nationals of the United States, its commerce, navigation, or industry, and so notifies the Secretary, the Secretary shall have authority to withhold or withdraw any increase in the share of the domestic consumption requirements provided for such country by this Act as compared with the share allowed under section 202 (b) of the Sugar Act of 1937: *Provided*, That any amount of sugar so withheld or withdrawn shall be prorated to domestic areas on the basis of existing quotas for such areas and the Secretary shall revise such quotas accordingly: *Provided further*, That any portion of such amount of sugar which cannot be supplied by domestic areas may be prorated to foreign countries other than a country which the Secretary of State finds has denied fair and equitable treatment to nationals of the United States.]

SEC. 203. In accordance with such provisions of section 201 as he deems applicable, the Secretary shall also determine the amount of sugar needed to meet the requirements of consumers in the Territory of Hawaii, and in Puerto Rico, and shall establish quotas for the amounts of sugar which may be marketed for local consumption in such areas equal to the amounts determined to be needed to meet the requirements of consumers therein.

SEC. 204. (a) The Secretary shall, from time to time [during the calendar year,] determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any [domestic] area[, the Republic of the Philippines, or Cuba,] will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area [for the calendar year then current], he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas on the basis of the quotas then in effect[: *Provided, however*, That domestic areas shall not share in any deficit of any domestic area if the then outstanding determination of the Secretary made pursuant to section 201 of the Act is less than seven million short tons, raw value]. If the Secretary finds that the Republic of the Philippines will be unable to market the quota for such area [for the calendar year then current], he shall revise the quotas for Cuba and foreign countries

other than Cuba and the Republic of the Philippines by prorating an amount of sugar equal to the deficit so determined, as follows:

[To Cuba-----	95 per centum
To foreign countries other than Cuba and the Republic of the Philippines-----	5 per centum

Provided, however, That whenever the quota for Cuba established under the provisions of this Act other than section 202 (d) is less than the amount required by the provisions of section 202 (d) of this Act, such prorations shall be as follows:

To Cuba-----	98.64 per centum
To foreign countries other than Cuba and the Republic of the Philippines-----	1.36 per centum

Any portion of such Philippine deficit which the Secretary determines cannot be supplied by Cuba shall be prorated to foreign countries other than Cuba and the Republic of the Philippines. No part of any Philippine deficit so prorated may be filled by direct-consumption sugar.】

To Cuba, 96 per centum; and

To foreign countries other than Cuba and the Republic of the Philippines, 4 per centum.

If the Secretary finds that foreign countries other than Cuba and the Republic of the Philippines cannot fill the quota for such area, he shall increase the quota for Cuba by an amount equal to the deficit.

Whenever the Secretary finds that any area will be unable to fill its proration of any such deficit, he may apportion such unfilled amount on such basis and to such areas as he determines is required to fill such deficit.

(b) 【If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota for foreign countries other than Cuba and the Republic of the Philippines established under the provisions of section 202 (c) has not been filled, the Secretary may revise the proration of such quota among such foreign countries by allotting an amount of sugar equal to such unfilled proration to such foreign countries as have filled their prorations of such quota by such date.】 *Whenever the Secretary finds that any country will be unable to fill the proration to such country of the quota for foreign countries other than Cuba and the Republic of the Philippines established under section 202 (c), or that any part of such proration has not been filled on September 1 of the calendar year, he may apportion such unfilled amount on such basis and to such countries as he determines is required to fill such proration.*

(c) The quota or applicable proration for any domestic area, the Republic of the Philippines, Cuba, or other foreign countries as established under the provisions of section 202 shall not be reduced by reason of any determination of a deficit existing in any calendar year under the provisions of subsections (a) and (b) of this section [204].

【(d) Any proration among foreign countries other than Cuba and the Republic of the Philippines pursuant to this section shall be on such basis as the Secretary shall determine.】

SEC. 205. (a) Whenever the Secretary finds that the allotment of any quota, or proration thereof, established for any area pursuant to the provisions of this Act, is necessary to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate or foreign commerce, or to prevent disorderly marketing or importation of sugar or liquid sugar, or to maintain a continuous and stable supply of sugar or liquid sugar, or to afford all interested persons an equitable opportunity to market sugar or liquid sugar within any area's quota, after such hearing and upon such notice as he may by regulations prescribe, he shall make allotments of such quota or proration thereof by allotting to persons who market or import sugar or liquid sugar, for such periods as he may designate, the quantities of sugar or liquid sugar which each such person may market in continental United States, the Territory of Hawaii, or Puerto Rico, or may import or bring into continental United States, for consumption therein. Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar from sugar beets or sugarcane to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past marketings or importations of each such person; and the ability of such person to market or import that portion of such quota or proration thereof allotted to him. The Secretary may also, upon such hearing and notice as he may by regulations prescribe, revise or amend any such allotment upon the same basis as the initial allotment was made.

(b) An appeal may be taken, in the manner hereinafter provided from any decision making such allotments, or revisions thereof, to the United States Court of Appeals for the District of Columbia in any of the following cases:

(1) By any applicant for an allotment whose application shall have been denied.
(2) By any person aggrieved by reason of any decision of the Secretary granting or revising any allotment made to him.

(c) Such appeal shall be taken by filing with said court, within twenty days after the decision complained of is effective, notice in writing of said appeal and a statement of the reasons therefor, together with proof of service of a true copy of said notice and statement upon the Secretary. Unless a later date is specified by the Secretary as part of his decision, the decision complained of shall be considered to be effective as of the date on which public announcement of the decision is made at the office of the Secretary in the city of Washington. The Secretary shall thereupon, and in any event not later than ten days from the date of such service upon him, mail or otherwise deliver a copy of said notice of appeal to each person shown by the records of the Secretary to be interested in such appeal and to have a right to intervene therein under the provisions of this section, and shall at all times thereafter permit any such person to inspect and make copies of appellants' reasons for said appeal at the office of the Secretary in the city of Washington. Within thirty days after the filing of said appeal the Secretary shall file with the court the originals or certified copies of all papers and evidence presented to him upon the hearing involved, a like copy of his decision thereon, a full statement in writing of the facts and grounds for his decisions as found and given by him and a list of all interested persons to whom he has mailed or otherwise delivered a copy of said notice of appeal.

(d) Within thirty days after the filing of said appeal any interested person may intervene and participate in the proceedings had upon said appeal by filing with the court a notice of intention to intervene and a verified statement showing the nature of the interest of such party together with proof of service of true copies of said notice and statement, both upon the appellant and upon the Secretary. Any person who would be aggrieved or whose interests would be adversely affected by reversal or modification of the decision of the Secretary complained of shall be considered an interested party.

(e) At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision, and if it enters an order reversing the decision of the Secretary it shall remand the case to the Secretary to carry out the judgment of the court: *Provided, however*, That the review by the court shall be limited to questions of law and that findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Secretary are arbitrary or capricious. The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States, upon writ of certiorari on petition therefor, under section 240 of the Judicial Code, as amended (U. S. C., title 28, sec. 347), by appellant, by the Secretary, or by any interested party intervening in the appeal.

(f) The court may, in its discretion, enter judgment for costs in favor of or against an appellant, and other interested parties intervening in said appeal, but not against the Secretary, depending upon the nature of the issues involved in such appeal and the outcome thereof.

SEC. 206. Subject to the provisions of sections 207 and 408 relating to the suspension of quotas, sugar quotas shall be established pursuant to this Act for the calendar year 1948 within ten days after effective date of this Act.

SEC. 207. (a) Not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for any calendar year may be filled by direct-consumption sugar.

(b) Not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for any calendar year may be filled by direct-consumption sugar.

(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

(d) Not more than fifty-six thousand short tons of sugar of the quota for the Republic of the Philippines for any calendar year may be filled by direct-consumption sugar as specified in section 211 of the Philippine Trade Act of 1946.

(e) Not more than three hundred and seventy-five thousand short tons, raw value, of the quota for Cuba for any calendar year may be filled by direct-consumption sugar.

(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

(g) The direct-consumption portions of the quotas established pursuant to this section, and the enforcement provisions of title II applicable thereto, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 408 of this Act unless the President acting thereunder specifically finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of direct-consumption portions of the quotas

(h) *The quota for foreign countries other than Cuba and the Republic of the Philippines may be filled by direct-consumption sugar only to the extent of 1.36 per centum of the amount of sugar determined pursuant to section 201 less the sum of the quotas established in subsections (a) and (b) of section 202: Provided, That each such country shall be permitted to enter an amount of direct-consumption sugar not less than the average amount entered by it during the years 1948, 1949, and 1950.*

SEC. 208. Quotas for liquid sugar for foreign countries for each calendar year are hereby established as follows:

Country	In terms of wine gallons of 72 percent total sugar content
Cuba.....	7, 970, 558
Dominican Republic.....	830, 894
British West Indies.....	300, 000
Other foreign countries.....	0

SEC. 209. All persons are hereby prohibited—

(a) From bringing or importing into the continental United States from the Territory of Hawaii, Puerto Rico, the Virgin Islands, or foreign countries, (1) any sugar or liquid sugar after the applicable quota, or the proration of any such quota, has been filled, or (2) any direct-consumption sugar after the direct-consumption portion of any such quota has been filled;

(b) From shipping, transporting, or marketing in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce, any sugar or liquid sugar produced from sugar beets or sugarcane grown in either the domestic-beet-sugar area or the mainland cane-sugar area after the quota for such area has been filled;

(c) From marketing in either the Territory of Hawaii or Puerto Rico, for consumption therein, any sugar or liquid sugar after the quota therefor has been filled;

(d) From exceeding allotments of any quota, direct-consumption portion of any quota, or proration of any quota, made to them pursuant to the provisions of this Act.

SEC. 210. (a) The determinations provided for in sections 201 and 203, and all quotas, prorations, and allotments, except quotas established pursuant to the provisions of section 208, shall be made or established in terms of raw value.

(b) For the purposes of this title, liquid sugar, except that imported from foreign countries, shall be included with sugar in making the determinations provided for in sections 201 and 203 and in the establishment or revision of quotas, prorations, and allotments.

SEC. 211. (a) The raw-value equivalent of any sugar or liquid sugar in any form, including sugar or liquid sugar in manufactured products, exported from the continental United States under the provisions of section 313 of the Tariff Act of 1930 shall be credited against any charges which shall have been made in respect to the applicable quota or proration for the country of origin. The country of origin of sugar or liquid sugar in respect to which any credit shall be established shall be that country in respect to importation from which draw-back of the exported sugar or liquid sugar has been claimed. Sugar or liquid sugar entered into the continental United States under an applicable bond established pursuant to orders or regulations issued by the Secretary, for the express purpose of subsequently exporting the equivalent quantity of sugar or liquid sugar as such, or in manufactured articles, shall not be charged against the applicable quota or proration for the country of origin.

(b) Exportation within the meaning of sections 309 and 313 of the Tariff Act of 1930 shall be considered to be exportation within the meaning of this section.

(c) The quota established for any domestic sugar-producing area may be filled only with sugar or liquid sugar produced from sugar beets or sugarcane grown in such area: *Provided, however,* That any sugar or liquid sugar admitted free of duty from the Virgin Islands under the Act of Congress, approved March 3, 1917 (39 Stat. 1133), may be admitted within the quota for the Virgin Islands.

SEC. 212. The provisions of this title shall not apply to (1) the first ten short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in any calendar year; (2) the first ten short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in any calendar year for religious, sacramental, educational, or experimental purposes; (3) liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in individual sealed containers of such capacity as the Secretary may determine, not in excess of one and one-tenth gallons each; or (4) any sugar or liquid sugar imported, brought into, or produced or manufactured in the United States for the distillation of alcohol, or for livestock feed, or for the production of livestock feed.

TITLE III—CONDITIONAL-PAYMENT PROVISIONS

SEC. 301. The Secretary is authorized to make payments on the following conditions with respect to sugar or liquid sugar commercially recoverable from the sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar:

(a) That no child under the age of fourteen years shall have been employed or permitted to work on the farm, whether for gain to such child or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane with respect to which application for payment is made, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed; and that no child between the ages of fourteen and sixteen years shall have been employed or permitted to do such work, whether for gain to such child or any other person, for a longer period than eight hours in any one day, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed. The Secretary is authorized to make payments, notwithstanding a failure to comply with the conditions provided in this subsection, but the payments made with respect to any crop shall be subject to a deduction of \$10 for each child for each day, or a portion of a day, during which such child was employed or permitted to work contrary to the foregoing provisions of this subsection.

(b) That there shall not have been marketed (or processed) an amount (in terms of planted acreage, weight, or recoverable sugar content) of sugar beets or sugarcane grown on the farm and used for the production of sugar or liquid sugar to be marketed in, or so as to compete with or otherwise directly affect interstate or foreign commerce, in excess of the proportionate share for the farm, as determined by the Secretary pursuant to the provisions of section 302, of the total quantity of sugar beets or sugarcane required to be processed to enable the area in which such sugar beets or sugarcane are produced to meet the quota (and provide a normal carry-over inventory) as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(c) (1) That all persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane with respect to which an application for payment is made shall have been paid in full for all such work, and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however,* That a payment which would be payable except for the foregoing provisions of this subparagraph may be made, as the Secretary may determine, in such manner that the laborer will receive an amount, insofar as such payment will suffice, equal to the amount of the accrued unpaid wages for such work, and that the producer will receive the remainder, if any, of such payment.

(2) That the producer on the farm who is also, directly or indirectly a processor of sugar beets or sugarcane, as may be determined by the Secretary shall have paid, or contracted to pay under either purchase or toll agreements, for any sugar beets or sugarcane grown by other producers and processed by him at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing.

SEC. 302. (a) The amount of sugar or liquid sugar with respect to which payment may be made shall be the amount of sugar or liquid sugar commercially

recoverable, as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed (or processed by the producer) not in excess of the proportionate share for the farm, as determined by the Secretary, of the quantity of sugar beets or sugarcane for the extraction of sugar or liquid sugar required to be processed to enable the producing area in which the crop of sugar beets or sugarcane is grown to meet the quota (and provide a normal carry-over inventory) estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane, and the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, share tenants, adherent planters, or share croppers.

(c) Payments shall be effective with respect to sugar or liquid sugar commercially recoverable from sugar beets and sugarcane grown on a farm commencing with the crop year 1948.

SEC. 303. In addition to the amount of sugar or liquid sugar with respect to which payments are authorized under subsection (a) of section 302, the Secretary is also authorized to make payments, on the conditions provided in section 301, with respect to bona fide abandonment of planted acreage and crop deficiencies of harvested acreage, resulting from drought, flood, storm, freeze, disease, or insects, which cause such damage to all or a substantial part of the crop of sugar beets or sugarcane in the same factory district (as established by the Secretary), county, parish, municipality, or local producing area, as determined in accordance with regulations issued by the Secretary, on the following quantities of sugar or liquid sugar: (1) With respect to such bona fide abandonment of each planted acre of sugar beets or sugarcane, one-third of the normal yield of commercially recoverable sugar or liquid sugar per acre for the farm, as determined by the Secretary; and (2) with respect to such crop deficiencies of harvested acreage of sugar beets or sugarcane, the excess of 80 per centum of the normal yield of commercially recoverable sugar or liquid sugar for such acreage for the farm, as determined by the Secretary over the actual yield.

SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value.

(b) All payments shall be calculated with respect to a farm which, for the purposes of this Act, shall be a farming unit as determined in accordance with regulations issued by the Secretary, and in making such determinations, the Secretary shall take into consideration the use of common work stock, equipment, labor, management, and other pertinent factors.

(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of payment per hundredweight of such portion
350 to 700.....	\$0. 05
700 to 1,000.....	. 10
1,000 to 1,500.....	. 20
1,500 to 3,000.....	. 25
3,000 to 6,000.....	. 275
6,000 to 12,000.....	. 30
12,000 to 30,000.....	. 325
More than 30,000.....	. 50

(d) Application for payment shall be made by, and payments shall be made to, the producer or, in the event of his death, disappearance, or incompetency, his legal representative, or heirs: *Provided, however,* That all producers on the farm shall signify in the application for payment the percentage of the total payment with respect to the farm to be made to each producer: *And provided further,* That payments may be made, (1) in the event of the death, disappearance, or incompetency of a producer, to such beneficiary as the producer may designate

in the application for payment; (2) to one producer of a group of two or more producers, provided all producers on the farm designate such producer in the application for payment as sole recipient for their benefit of the payment with respect to the farm; or (3) to a person who is not a producer, provided such person controls the land included within the farm with respect to which the application for payment is made and is designated by the sole producer (or all producers) on the farm, as sole recipient for his or their benefit, of the payment with respect to the farm.

SEC. 305. In carrying out the provisions of titles II and III of this Act, the Secretary is authorized to utilize local committees of sugar beet or sugarcane producers, State and county agricultural conservation committees, or the Agricultural Extension Service, and other agencies, and the Secretary may prescribe that all or a part of the expenses of such committees may be deducted from the payments herein authorized.

SEC. 306. The facts constituting the basis for any payment, or the amount thereof authorized to be made under this title, officially determined in conformity with rules or regulations prescribed by the Secretary, shall be reviewable only by the Secretary, and his determinations with respect thereto shall be final and conclusive.

SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands.

TITLE IV—GENERAL PROVISIONS

SEC. 401. For the purpose of this Act, the Secretary may make such expenditures as he deems necessary to carry out the provisions of this Act, including personal services and rents in the District of Columbia and elsewhere.

SEC. 402. (a) There is hereby authorized to be appropriated for each fiscal year for the purposes and administration of this Act the funds necessary to make the payments provided for in title III of this Act and such other amounts as the Congress determines to be necessary for such fiscal year to carry out the other provisions of the Act.

(b) All funds available for carrying out this Act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal Government as the Secretary may request to cooperate or assist in carrying out the provisions of this Act.

(c) The funds made available for the purpose of enabling the Secretary to carry into effect the provisions of the Sugar Act of 1937, as amended, during the fiscal year 1948 are also hereby made available to the Secretary for purposes of administration of the provisions of this Act during the fiscal year 1948.

SEC. 403. (a) The Secretary is authorized to make such orders or regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this Act. Any person knowingly violating any order or regulation of the Secretary issued pursuant to this Act shall, upon conviction, be punished by a fine of not more than \$100 for each such violation.

(b) Each determination issued by the Secretary in connection with quotas and deficits under title II or payments under title III of this Act shall be promptly published in the Federal Register and shall be accompanied by a statement of the bases and considerations upon which such determination was made.

SEC. 404. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the provisions of this Act or of any order or regulation made or issued pursuant to this Act. If and when the Secretary shall so request, it shall be the duty of the several district attorneys of the United States, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties and forfeitures provided for in this Act. The remedies provided for in this Act shall be in addition to, and not exclusive of, any of the remedies or penalties existing at law or in equity.

SEC. 405. Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209, or any person who brings or imports into the continental United States direct-consumption sugar after the quantities specified in section 207 have been filled, shall forfeit to the United States the sum equal to three times the market value, at the time of the commission of any such act, (a) of that quantity of sugar or liquid sugar by which any quota, proration, or allotment is exceeded, or (b) of that quantity brought or imported into the continental United States after the quantities specified in section 207 have been filled, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

Sec. 406. All persons engaged in the manufacturing, marketing, or transportation or industrial use of sugar or liquid sugar, and having information which the Secretary deems necessary to enable him to administer the provisions of this Act, shall, upon the request of the Secretary, furnish him with such information. Any person willfully failing or refusing to furnish such information or furnishing willfully any false information, shall upon conviction be subject to a penalty of not more than \$1,000 for each such violation.

Sec. 407. No person shall, while acting in any official capacity in the administration of this Act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production or manufacturing of sugar or liquid sugar. Any person violating this section shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than two years, or both.

Sec. 408. Whenever pursuant to the provisions of this Act the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation, except as provided in section 207 of this Act, of all the provisions of title II above, and, thereafter, the operation of such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

Sec. 409. Whenever the Secretary determines that such action is necessary to effectuate the purposes of this Act, he is authorized, if first requested by persons constituting or representing a substantial proportion of the persons affected in any one of the five domestic sugar-producing areas, to make for such area surveys and investigations to the extent he deems necessary, including the holding of public hearings, and to make recommendations with respect to (a) the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane in such area and (b) the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane in such area. In carrying out the provisions of this section, information shall not be made public with respect to the individual operations of any processor, producer, or laborer.

Sec. 410. The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this Act and for the benefit of agriculture generally in any area. Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act.

Sec. 411. The powers vested in the Secretary under this Act shall terminate on December 31, [1952] 1956, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year [1952] 1956 and previous crop years.

AMENDMENT TO INTERNAL REVENUE CODE

CHAPTER 32—SUGAR

SEC. 3503. TERMINATION OF TAXES

No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar or articles composed in chief value of sugar after June 30, [1953] 1957. Notwithstanding the provisions of section 3490 or 3500, no tax shall be imposed under this chapter with respect to unsold sugar held by a manufacturer on June 30, [1953] 1957, or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date.

With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under section 3500 has been paid and which, on June 30, [1953] 1957, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer subject to such regulations as may be prescribed by the Commissioner of Customs with the approval of the Secretary an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar.